

Exhibit Xlla

JDAM OIPT issues and associated recommendations/rationale

- Waiver Authority Delegation. The Program Director proposes that the SECDEF delegate to the JDAM Program Director blanket waiver authority for any regulation and policy not required by statute. This is the sole issue that the members of the IPT were unable to agree upon and it will be raised as an unresolved issue for OIPT attention and resolution (if possible).
 - The Program Director's request is proposed to replace the current cumbersome and time-consuming request-for-waiver process. The Program Director's proposal includes a legal review and notification to USDA&T) via the Monthly Acquisition Report prior to waiving. Some special programs have been granted this authority in the past.
 - Several OSD offices (API, AR, DP, and S&TS/AW) are not in agreement with this request. They are concerned about the magnitude of this authority (i.e. the FAR and 5000.2 could be waived, just to name a few). This authority is not consistent with an ACAT-1D program which requires OSD oversight and participation. Making improvements to the current request-for-waiver process would seem to be a more suitable approach to relieving the Program Director's concern.
- LRIP and MS-III Decision Authority. The IPT recommends that the JDAM LRIP be delegated to the SAE. The IPT recommends that MS-III remain a DAE-level DAB (including all necessary documentation). The DAB documentation will include SAMP, TEMP, ICE, JORD, APB, STAR, and Beyond LRIP Report.
 - The DAE should be the decision authority for the major production milestone. For JDAM, the major production milestone which represent the substantial commitment from the DOD is MS-III; not LRIP.
 - LRIP, scheduled for mid FY97, is a single lot (\$26M, FY97 funding). The LRIP quantity, 425 units, represents less units than the contractor will produce during E&MD. All LRIP units will be expended in follow-on aircraft testing.
 - The JDAM LRIP decision does not initiate a large investment in tooling or productionization since the contractor's commercial practices and production tooling are being used during the E&MD phase (well before the LRIP decision).
 - Concurrent with the 2000-lb MS-III full rate production decision, there will be a supplemental LRIP decision for the 1000-lb variant. Therefore, the DAB will serve as a review point for both variants. Exit criteria recommended by the IPT for these future reviews are at Tab E.
- MS-I Exit Criteria Status. The MS-I exit criteria are at Tab F. The program office has fully satisfied all exit criteria

Exhibit XIIb

with the exception of the Interface Control Document (ICD) criterion. The program office has signed ICDs with all primary aircraft. The F/A-18C/D aircraft hand-off errors for transfer alignment, as recently revised by the aircraft prime contractor, may not satisfy the JDAM accuracy requirement. Two software options are being evaluated to correct the problem. Closure of this F/A-18C/D ICD issue is projected in October. The IPT recommends acceptance of the MS-I exit criteria as fully satisfied given the F/A-18C/D ICD software mitigation plan.

- Buy-to-Budget. The IPT recommends a buy-to-budget strategy. The OSD and AF comptroller positions on this issue are unknown. This strategy is characterized by a budget which remains constant and independent of unit cost; thus allowing the program office to procure the maximum amount of JDAM kits that the budget can support. This strategy will provide program stability, a long-term commitment to JDAM procurement, and meet the warfighter's needs.

Several other JDAM items will be specifically highlighted at the OIPT

- Early Foreign Military Sales (FMS). The IPT recommends approval of early FMS. Early FMS will allow the US to benefit from economies of scale. Additionally, the IPT recommends a waiver of the policy requiring FMS customers to share in R&D recoupment costs. This waiver will encourage foreign procurement of JDAM kits and allow time to work aircraft integration, mission planning, and crypto key issues early.
- SASC Language - Targeting Support. Tab G is the FY95 SASC language (language only; not law) that addressed JDAM targeting support. In response to this SASC language, the IPT recommends a letter to the committee indicating that the JDAM intelligence support has been defined (in the Intelligence Support Plan) and that the Department will continue the focus on Command, Control, Communication, Computers and Intelligence (C4I) for JDAM and other precision-guided munitions to understand the impacts to and limitations of our intelligence support architecture. If necessary, we can list the studies and initiatives that are on-going which specifically address the C4I support system.
- Pay-for-Performance. The Program Director may discuss the authorization to implement a pay-for-performance program. This incentive program, which authorizes bonuses to the Government team (civilian, military and support contractor) for meeting cost, schedule, and technical objectives, was apparently mandated in the 1994 FASA. However, several problems still seem to be unsettled with respect to the program and its implementation.